

STATE BOARD OF ACCOUNTS
302 West Washington Street
Room E418
INDIANAPOLIS, INDIANA 46204-2769

EXAMINATION REPORT
OF
TIPPECANOE TOWNSHIP
PULASKI COUNTY, INDIANA
January 1, 2008 to December 31, 2009



FILED
07/14/2010

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OFFICIALS

Office

Official

Term

Trustee

Connie E. Myers

01-01-06 to 12-31-10

Chairman of the
Township Board

Sharon Posthuma

01-01-08 to 12-31-10



STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

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INDEPENDENT ACCOUNTANT'S REPORT

TO: THE OFFICIALS OF TIPPECANOE TOWNSHIP, PULASKI COUNTY, INDIANA

We have examined the financial information presented herein of Tippecanoe Township (Township), for the period of January 1, 2008 to December 31, 2009. The Township's management is responsible for the financial information presented herein. Our responsibility is to express an opinion based on our examination.

Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants and, accordingly, included examining, on a test basis, evidence supporting the financial information presented herein and performing such other procedures as we considered necessary in the circumstances. We believe that our examination provides a reasonable basis for our opinion.

In our opinion, the financial information referred to above presents fairly, in all material respects, the financial information of the Township for the years ended December 31, 2008 and 2009, based on the criteria set forth in the uniform compliance guidelines established by the Indiana State Board of Accounts.

STATE BOARD OF ACCOUNTS

March 22, 2010

TIPPECANOE TOWNSHIP, PULASKI COUNTY
SCHEDULES OF RECEIPTS, DISBURSEMENTS, AND CASH AND INVESTMENT BALANCES
ALL GOVERNMENTAL AND FIDUCIARY FUND TYPES
As Of And For The Years Ended December 31, 2008 And 2009

	Cash and Investments 01-01-08	Receipts	Disbursements	Cash and Investments 12-31-08
Governmental Funds:				
Township	\$ 35,938	\$ 28,960	\$ 40,102	\$ 24,796
Township Assistance	23,642	22,423	8,664	37,401
Fire Fighting	32,932	34,603	18,174	49,361
Cumulative Fire	9,981	14,254	4,671	19,564
Totals	<u>\$ 102,493</u>	<u>\$ 100,240</u>	<u>\$ 71,611</u>	<u>\$ 131,122</u>
	Cash and Investments 01-01-09	Receipts	Disbursements	Cash and Investments 12-31-09
Governmental Funds:				
Township	\$ 24,796	\$ 19,567	\$ 33,554	\$ 10,809
Township Assistance	37,401	6,021	8,215	35,207
Fire Fighting	49,361	12,203	19,775	41,789
Cumulative Fire	19,564	4,554	24,464	(346)
Totals	<u>\$ 131,122</u>	<u>\$ 42,345</u>	<u>\$ 86,008</u>	<u>\$ 87,459</u>

The accompanying notes are an integral part of the financial information.

TIPPECANOE TOWNSHIP, PULASKI COUNTY
NOTES TO FINANCIAL INFORMATION

Note 1. Introduction

The Township was established under the laws of the State of Indiana. The Township provides the following services: public safety, health and social services, culture and recreation, and general administrative services.

Note 2. Fund Accounting

The Township uses funds to report on its cash and investments and the results of its operations on a cash basis. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain governmental functions or activities.

Note 3. Budgets

The operating budget is initially prepared and approved at the local level. In addition, funds for which property taxes are levied are subject to final approval by the Indiana Department of Local Government Finance.

Note 4. Property Taxes

Property taxes levied are collected by the County Treasurer and are distributed to the Township in June and December. State statute (IC 6-1.1-17-16) requires the Indiana Department of Local Government Finance to establish property tax rates and levies by February 15. These rates were based upon the preceding year's March 1 (lien date) assessed valuations adjusted for various tax credits. Taxable property is assessed at 100% of the true tax value (determined in accordance with rules and regulations adopted by the Indiana Department of Local Government Finance). Taxes may be paid in two equal installments which become delinquent if not paid by May 10 and November 10, respectively. All property taxes collected by the County Treasurer and available for distribution were distributed to the Township on or prior to December 31 of the year collected.

Note 5. Deposits and Investments

Deposits, made in accordance with Indiana Code 5-13, with financial institutions in the State of Indiana at year end were entirely insured by the Federal Depository Insurance Corporation or by the Indiana Public Deposit Insurance Fund. This includes any deposit accounts issued or offered by a qualifying financial institution.

State statute (IC 5-13-9) authorizes the Township to invest in securities including, but not limited to, federal government securities, repurchase agreements, and certain money market mutual funds. Certain other statutory restrictions apply to all investments made by local governmental units.

TIPPECANOE TOWNSHIP, PULASKI COUNTY
EXAMINATION RESULTS AND COMMENTS

BOARD ELECTIONS

The Township Board did not meet on or before the first Tuesday after the first Monday in January to elect a Board President and a Board Secretary. A similar comment was in prior Report B31900.

The Township Board shall meet annually on or before the first Tuesday after the first Monday in January at the office of the township trustee. The board shall meet and organize annually on the above date by electing one of its members chairman and one of its member's secretary for that year. Any two members shall constitute a quorum. (Accounting and Uniform compliance Guidelines Manual for Township, Chapter 5)

OFFICIAL BOND

The following official bonds were not filed in the Office of the County Recorder:

Connie E. Myers, Tippecanoe Trustee 01-01-09 to 12-31-09

A similar comment was in prior Report B31900.

IC 5-4-1-5.1(b) states in part:

"Every elected or appointed officer, official, deputy, or employee of a political subdivision . . . shall file the bond in the office of the county recorder . . ."

PRESCRIBED FORM

The following prescribed forms were not in use:

Financial and Appropriation Ledger (Form 1C)
Resolution Recommending Salaries for Township Officers and Employees (Form 17)

A similar comment was in the prior Report B31900.

Officials and employees are required to use State Board of Accounts prescribed or approved forms in the manner prescribed. (Accounting and Uniform Compliance Guidelines Manual for Townships, Chapter 13)

APPROPRIATIONS

The following funds had expenditures in excess of budgeted appropriations at their respective year ends:

<u>Fund</u>	<u>Years</u>	<u>Excess Amount Expended</u>
Township	2008	\$ 16,022.00
Township	2009	5,154.58
Township Assistance	2008	8,663.70
Cumulative Fire	2009	9,463.39

TIPPECANOE TOWNSHIP, PULASKI COUNTY
EXAMINATION RESULTS AND COMMENTS
(Continued)

A similar comment was in prior Report B31900.

IC 6-1.1-18-4 states in part:

". . . the proper officers of a political subdivision shall appropriate funds in such a manner that the expenditures for a year do not exceed its budget for that year as finally determined under this article."

PENALTIES, INTEREST, AND OTHER CHARGES

Penalties and interest totaling \$71.60 were paid to the Internal Revenue Service on September 9, 2009. We requested repayment of penalties and interest paid to the Internal Revenue Service for \$71.60 from Connie E. Myers, Trustee. (See Summary, page 12) A similar comment was in prior Report B31900.

Officials and employees have the duty to pay claims and remit taxes in a timely fashion. Failure to pay claims or remit taxes in a timely manner could be an indicator of serious financial problems which should be investigated by the governmental unit.

Additionally, officials and employees have a responsibility to perform duties in a manner which would not result in any unreasonable fees being assessed against the governmental unit.

Any penalties, interest or other charges paid by the governmental unit may be the personal obligation of the responsible official or employee. (Accounting and Uniform Compliance Guidelines Manual for Townships, Chapter 13)

OVERPAYMENTS OF SALARIES

Connie E. Myers, Trustee, received \$23,222.20 and \$12,600.00 in salary payments for the years 2008 and 2009, respectively. The approved salaries for these years were \$7,500.00 per year for both 2008 and 2009. Based on the information provided the Trustee overpaid her salary by \$15,722.20 in 2008 and \$5,100.00 in 2009.

Stanley W. Myers, Deputy Clerk, received \$5,800.00 and \$4,050.00 in salary payments for the years 2008 and 2009. The approved salary for the Deputy Clerk position was \$2,500 per year for both 2008 and 2009. Based on the information provided the Deputy Clerk was overpaid by \$3,300.00 in 2008 and \$1,550.00 in 2009.

A similar comment was in the prior Report B31900.

All compensation and benefits paid to officials and employees must be included in the labor contract, salary ordinance, resolution or salary schedule adopted by the governing body unless otherwise authorized by statute. Compensation should be made in a manner that will facilitate compliance with state and federal reporting requirements. (Accounting and Uniform Compliance Guidelines Manual for Townships, Chapter 17)

We requested repayment from Connie E. Myers, Trustee, in the amount of \$20,822.20 for the overpayments of salary during 2008 and 2009. (See Summary, page 12)

TIPPECANOE TOWNSHIP, PULASKI COUNTY
EXAMINATION RESULTS AND COMMENTS
(Continued)

We requested repayment from Stanley W. Myers, Deputy Clerk, in the amount of \$4,850.00 for the overpayments of salary during 2008 and 2009. (See Summary, page 12)

OVERPAYMENT OF RENT

The Township Board established the rent and office allowances to be provided to the Trustee for the examination period. Rent was set at \$2,400.00 for 2008 with an additional \$480.00 for office utilities. Connie E. Myers, Trustee, paid herself \$1,200.00 in rent and \$1,920.00 for utilities in 2008 resulting in an overpayment of \$240.00. In 2009, the Township Board established rent at \$2,400.00 per year with an additional \$480.00 for office utilities. Connie E. Myers, Trustee, paid herself \$3,600.00 in rent and \$960.00 in utilities in 2009 resulting in an overpayment of \$1,680.00.

Each governmental unit is responsible for complying with the ordinances, resolutions, and policies it adopts. (Accounting and Uniform Compliance Guidelines Manual for Townships, Chapter 13)

We requested Connie E. Myers, Trustee, reimburse the Township \$1,920.00 for the overpayment of rent and utilities during the examination period. (See Summary, page 12)

CONTRACTS

Payments were made for cemetery care in 2008 and 2009 without a contract. A similar comment was in prior Report B31900.

Payments made or received for contractual services should be supported by a written contract. Each governmental unit is responsible for complying with the provisions of its contracts. (Accounting and Uniform Compliance Guidelines Manual for Townships, Chapter 13)

ADVANCE PAYMENTS

Dates of transactions indicate that some payments were made to employees of the Township before services were performed. A similar comment was in prior Report B31900.

Compensation and any other payments for goods and services should not be paid in advance of receipt of the goods or services unless specifically authorized by statute. Payments made for goods or services which are not received may be the personal obligation of the responsible official or employee. (Accounting and Uniform Compliance Guidelines Manual for Townships, Chapter 13)

CONDITION OF RECORDS

The following deficiencies relating to the recordkeeping were noted. A similar comment was in prior Report B31900.

- (1) Record balances were not reconciled to depository balances.

TIPPECANOE TOWNSHIP, PULASKI COUNTY
EXAMINATION RESULTS AND COMMENTS
(Continued)

IC 5-13-6-1(e) states:

"All local investment officers shall reconcile at least monthly the balance of public funds, as disclosed by the records of the local officers, with the balance statements provided by the respective depositories."

At all times, the manual and/or computerized records, subsidiary ledgers, control ledger, and reconciled bank balance should agree. If the reconciled bank balance is less than the subsidiary or control ledgers, then the responsible official or employee may be held personally responsible for the amount needed to balance the fund. (Accounting and Uniform Compliance Guidelines Manual for Townships, Chapter 13)

- (2) There were a considerable number of posting errors. The errors included deposits receipted to more than one fund, checks and receipts posted to the wrong fund, checks posted also as receipts in the Township Fund, receipts posted at the wrong amount, and interest not posted.
- (3) The Township Trustee Annual Report did not reconcile to the Financial and Appropriation Ledger.

Controls over the receipting, disbursing, recording, and accounting for the financial activities are necessary to avoid substantial risk of invalid transactions, inaccurate records and financial statements and incorrect decision making. (Accounting and Uniform Compliance Guidelines Manual for Townships, Chapter 13)

DISBURSEMENT DOCUMENTATION

Payments were observed which did not contain adequate supporting documentation such as receipts and invoices.

Due to the lack of supporting information, the validity and accountability for some monies disbursed could not be established. A similar comment was in prior Report B31900.

Supporting documentation such as receipts, canceled checks, tickets, invoices, bills, contracts, and other public records must be available for audit to provide supporting information for the validity and accountability of monies disbursed. Payments without supporting documentation may be the personal obligation of the responsible official or employee. (Accounting and Uniform Compliance Guidelines Manual for Townships, Chapter 13)

FAILURE TO SUBMIT RECORDS FOR EXAMINATION

Financial records presented for examination were incomplete and not reflective of the activity of the Township Assistance Fund. The records provided did not provide sufficient information to examine or establish the accuracy or correctness of the disbursements. A similar comment was in prior Reports B28704 and B31900.

TIPPECANOE TOWNSHIP, PULASKI COUNTY
EXAMINATION RESULTS AND COMMENTS
(Continued)

All financial transactions pertaining to the governmental unit should be recorded in the records of the governmental unit. (Accounting and Uniform Compliance Guidelines Manual for Townships, Chapter 13)

Political subdivisions are required to comply with all grant agreements, rules, regulations, bulletins, directives, letters, letter rulings and filing requirements concerning reports and other procedural matters of federal and state agencies, including opinions of the Attorney General of the State of Indiana, and court decisions. Governmental units should file accurate reports required by federal and state agencies. Noncompliance may require corrective action. (Accounting and Uniform Compliance Guidelines Manual for Townships, Chapter 13)

OVERDRAWN FUND BALANCES

The Cumulative Fire Fund was overdrawn in 2009 by \$346.22.

The balance of any fund may not be reduced below zero. Routinely overdrawn funds could be an indicator of serious financial problems which should be investigated by the governmental unit. (Accounting and Uniform Compliance Guidelines Manual for Townships, Chapter 13)

FAILURE TO FILE ANNUAL REPORT ELECTRONICALLY

The Township did not file their annual report electronically.

IC 5-11-1-4 states:

"The state examiner shall require from every municipality and every state or local governmental unit, entity, or instrumentality financial reports covering the full period of each fiscal year. These reports shall be prepared, verified, and filed with the state examiner not later than sixty (60) days after the close of each fiscal year. The reports must be filed electronically, in a manner prescribed by the state examiner that is compatible with the technology employed by the political subdivision.

INSTALLMENT PROMISSORY NOTE

Connie Myers, Trustee, has entered into an installment promissory note in the sum of \$27,663.80 with the Attorney General's office acting in capacity for the State of Indiana. The terms of the note are as follows: "Promisor promises to pay this sum, together with interest upon the unpaid balance of the principal at rate of eight percent (8%) per annum, computed monthly, and to pay principal and interest in monthly installment payments as follows: 48 equal payments of Five Hundred Seventy Five Dollars (\$575.00), and One (1) final payment of Sixty Three Dollars and Eighty Cents (\$63.80), with payments to begin on or before the 1st of July 1, 2010, and to continue to be paid on or before the 1st day of each month thereafter until the note is paid in full."

TIPPECANOE TOWNSHIP, PULASKI COUNTY
EXIT CONFERENCE

The contents of this report were discussed on March 22, 2010, with Connie E. Myers, Trustee. The official concurred with our findings.

TIPPECANOE TOWNSHIP, PULASKI COUNTY
SUMMARY

	<u>Charges</u>	<u>Credits</u>	<u>Balance Due</u>
Connie E. Myers, Trustee:			
Overpayments of Salaries, pages 7 and 8	\$ 20,822.20	\$	\$
Overpayment of Rent, page 8	1,920.00		
Penalties, Interest, and Other Charges, page 7	71.60		
Partial reimbursement, Check No.1179	<u> </u>	<u>575.00</u>	<u>22,238.80</u>
Total Connie E. Myers, Trustee	<u>22,813.80</u>	<u>575.00</u>	<u>22,238.80</u>
Stanley W. Myers, Deputy Clerk:			
Overpayments of Salaries, pages 7 and 8	<u>4,850.00</u>	<u>-</u>	<u>4,850.00</u>
Totals	<u>\$ 27,663.80</u>	<u>\$ 575.00</u>	<u>\$ 27,088.80</u>

AFFIDAVIT

STATE OF INDIANA)
Kosciusko COUNTY)

I, Brenda Urbin, Field Examiner, being duly sworn on my oath, state that the foregoing report based on the official records of Tippecanoe Township, Pulaski County, Indiana, for the period from January 1, 2008, to December 31, 2009, is true and correct to the best of my knowledge and belief.

Brenda Urbin
Field Examiner

Subscribed and sworn to before me this 26th day of May, 2010.

Rhonda Jean Helsa
Notary Public

My Commission Expires _____
County of Residence: _____

